

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS SECTION 01 OF 02 ABUJA 002043

SIPDIS

E.O. 12958: N/A

TAGS: [ECPS](#) [EAIR](#) [ELTN](#) [ECON](#) [AMGT](#) [NI](#)

SUBJECT: DHL EXECUTIVE BRIEFS AMBASSADOR ON NIGERIA OPERATIONS

1. Summary. Nigeria is DHL's second largest market in all of Africa. Despite DHL's difficulty and unpredictability in dealing with several government ministries and agencies, DHL makes money in Nigeria. Lagos is DHL's West and Central Africa hub, although it bases its fleet of aircraft elsewhere. NIPOST, Nigeria's government-owned postal agency, is a marginal competitor. DHL would welcome a contract to deliver USG pouches to the Mission in Nigeria. End summary.

2. On December 10 the Managing Director of DHL International Nigeria, Richard Seaver, briefed Ambassador Campbell on DHL's Nigeria operations. Seaver said DHL accounts for about 70 percent of Nigeria's in-bound cross-border express package delivery market; that is, of packages weighing less than 50 kilos. Anything larger is considered freight. DHL has 75 offices in Nigeria and employs about 900 people, of whom only three are expatriates. Only South Africa accounts for a larger operation. Egypt ranks third. Each day, a Boeing 757 flies from Brussels to Lagos to deliver packages. DHL Nigeria ensures distribution in Central and West Africa via a fleet of 12 South African registered Boeing 727s that may fly daily to Lagos, but that return to Accra, Ghana or Libreville, Gabon where the aircraft are based. Within Nigeria, DHL relies on commercial aircraft or a large fleet of its own trucks to ensure delivery. Members of Nigeria's mobile police are assigned to each truck, at DHL expense, which permits overnight delivery to places like Port Harcourt. In DHL's 25 years of doing business in Nigeria, its trucks have been fired upon, but none of its employees has been injured.

3. Seaver, a veteran of nine years in Nigeria, described Nigeria as a challenge. He said the company's difficulties stem in large part from the unpredictability that it encounters dealing with Nigeria's Customs Service or its Food and Drug Administration. The difficulties are compounded by virtue of DHL Nigeria being regulated by NIPOST, which reports to the Minister of Communications. Concurrently, DHL Nigeria is responsible to the Ministry of Aviation, since DHL is an aviation company, although not an airline. To be considered an airline, DHL aircraft would have to be registered in Nigeria, which would impose onerous obligations DHL prefers to avoid. Lastly, DHL answers to the Ministry of Finance, the parent agency of Nigeria's Customs Service. While all these Nigerian entities monitor DHL operations, their interagency coordination is weak.

4. Seaver said NIPOST no longer is involved in ex-Africa mail delivery, in part because NIPOST could not pay the connection charges associated with delivery of mail to America and Europe. In Africa, NIPOST may have arrangements with ECOWAS member states. In Nigeria, NIPOST does run a small package delivery service, EMS. It and another 120 companies control only about 20 percent of that market; DHL, USP, FEDEX, and TNT account for the remaining 80 percent.

5. Seaver told the Ambassador that DHL Nigeria does business with the Embassy and Consulate, and said DHL would be pleased if it had the contract to deliver the diplomatic pouches to us. The Ambassador replied that the Mission needs reliable and predictable delivery service, one ensuring delivery three times weekly despite the harmattan, labor strikes, or fuel shortages. Seaver responded that DHL can assure such service. Moreover, since the delivery of packages that weigh less than 50 kilos is DHL's core business, and since DHL ensures express delivery, whether a consignment is 10 kilos or 1,000 kilos on a given day, delivery occurs that same day. Ambassador recommended that Seaver discuss the matter with the Embassy's Management Counselor at the earliest opportunity.

6. Seaver said Deutsche Post acquired DHL and Airborne Express in the United States this year. Seaver believes that 40 percent of Deutsche Post's shares are traded on German stock exchanges; he expects more of the company to be privatized soon. Since Deutsche Post also bought Danzas, one of Western Europe's largest freight handler, Deutsche Post is grappling with the complexity of ensuring proper meshing of its express package and freight handling operations in Western Europe and the United States.

7. Three of Seaver's associates accompanied him to the Embassy. The two who gave us business cards were Morgan

Uloko, the General Manager for the Northern Region, and
Afolabi Olufade, the Divisional Manager for Abuja.

18. Comment. British Airways, which has the contract to deliver pouches to the U.S. Mission, has been performing most unsatisfactorily. Should it be possible to work with DHL, and if it were to be as good as its word, the effect on Mission morale might be notable.

CAMPBELL